

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND TRANSPORTATION

Call to Order: By **CHAIRMAN JOHN BRUEGGEMAN**, on January 23, 2003
at 8 A.M., in Room 317-B Capitol.

ROLL CALL

Members Present:

Rep. John Brueggeman, Chairman (R)
Sen. Rick Laible, Vice Chairman (R)
Sen. Gregory D. Barkus (R)
Sen. Mike Cooney (D)
Rep. Monica Lindeen (D)
Rep. John Sinrud (R)

Members Excused: None.

Members Absent: None.

Staff Present: Greg DeWitt, Legislative Branch
Christi Moyer, OBPP
Amy Sassano, OBPP
Misty Shea, Committee Secretary
Lynn Zanto, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed. Tape
stamps indicate information that is found below.

Committee Business Summary:

Hearing & Date Posted: Legislative Branch and Consumer
Counsel. 1/23/2003
Executive Action: Legislative Branch, Consumer
Counsel, and Appellate Defender
Commission.

Exhibit 1, Legislative Branch General Fund Starting Point and Options to Meet Unspecified Reduction, was presented to the committee for informational purposes.

EXHIBIT(jgh14a01)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 5}

Clayton Schenck, Legislative Fiscal Division, stepped forward to present the Legislative Branch budget proposal for the 2005 biennium. **Mr. Schenck** asked the committee to allow testimony first, as he had committee chairs and members of leadership present to testify.

Proponent's Testimony:

SEN. BOB KEENAN, stated he believed the funding was real; it was tight and efficient. He asked the committee to vote favorably for the proposal.

REP. DOUG MOOD, SPEAKER OF THE HOUSE, stated that they had met with staff and leadership from both sides of the aisle to go over the proposal. There was widespread support for this proposal. He continued to say that it goes a long way in supporting the tone for the session, and also that it shows that they were willing to be austere with their own budget. He urged the committee's support.

REP. DAVE LEWIS, CHAIRMAN, LEGISLATIVE FINANCE COMMITTEE, stated that they had worked to roll back the budget request to what was being presented. He further commented that he felt the budget should be supported.

{Tape: 1; Side: A; Approx. Time Counter: 5.0 - 15.5}

Clayton Schenck, stated that HB 1 was the Feed Bill that takes care of the activities during the session and that this was the budget for the rest of the legislative activities. **Mr. Schenck** further stated that there were four programs in the budget: the operations of the Legislative Services Division of the Legislative Council, operations of the Interim Legislative Committee, operations of the Legislative Fiscal Division and operations of the Audit Division. **Mr. Schenck** explained the functions of each of these programs. **Mr. Schenck** referred to the Legislative Branch Budget Presentation, page one, Legislative Branch Biennial Budget Comparison 2003 Biennium Actual/Approp. to 2005 Biennium Proposal. He also discussed the branch budget both before and after revision.

Mr. Schenk then went on to show that through the reductions to the budget, they had reached a 0.0% growth to the General Fund and had actually reduced the State Special Fund for a net reduction of a -0.3%. He further stated that this would be below the level for the last session.

Mr. Schenk then referred to the next page of the handout regarding Proposed Budget Reductions (from Committee Requests) 2005 Biennium. He discussed the total present law reductions, which would eliminate 15% of the general operating costs. **Mr. Schenk** walked the committee through the chart pointing out the various areas of reduction that make up the 15%. He then discussed the areas that the new proposal would eliminate and advised the committee of each area and the dollars involved in those areas. **Mr. Schenk** informed the committee that these reductions were in addition to the elimination of 1.5 FTE in the Legislative Audit Division prior to these calculations. Also involved is the elimination of contracted IT Support in exchange for one additional FTE, which would result in further savings.

EXHIBIT (jgh14a02)

{Tape: 1; Side: A; Approx. Time Counter: 15.5 - 21.5}

Mr. Schenk referred to the next page of the handout and discussed the impact of the reductions. He advised the committee that if they went back to the 2000 base budget, there would be a reduction of almost 25%. He further stated that if they were reduced to the 2000 base level, it would mean a loss of 13 to 20 FTEs or almost 16% of their staff. **Mr. Schenk** also stated to the committee the difficulties that they would encounter should they be held to the 2000 base level. He then went on to explain what would happen if the Director Revised Budget were adopted. **Mr. Schenk** then discussed the average increases in the 2003 to 2005 Biennium, comparing the executive budget and the revised legislative budget with the percentages involved. **Mr. Schenk** stated that what this meant in terms of the bottom line is that the current reduction is \$4.3 million (as it stands at the 2000 base). The Branch proposed reduction is approximately \$1.9 million, which would mean restoring approximately \$22.4 million to the budget. **Mr. Schenk** further informed the committee that having a biennial cycle would make it more consistent with the way they operate and would provide flexibility in how they manage the funding. He went on to state that their proposed legislative action would be to adopt the plan as proposed to the committee. He then thanked the LFD staff for their work, and turned the presentation over to Directors Lois Menzies, and Scott Seacat.

{Tape: 1; Side: A; Approx. Time Counter: 21.5 - 30}

Lois Menzies, Legislative Services Division, stated that she had nothing to add but would be available for questions. She also informed the committee that Hank Trenk, Chief of the Legislative Branch Information Technologies shops would be able to answer questions regarding specific reductions in that area.

Questions from Committee Members and Responses:

SEN. COONEY asked **Mr. Schenck** what was meant by the "Second Year's Dues-CSG" reference included in the hand-out (Exhibit 2, page 3), and what year it applies to. **Mr. Schenck** replied that it is in reference to the second year of the 2005 biennium and the increase in dues for the membership in the Council of State Government (CSG). **Mr. Schenck** referred to Ms. Menzies for further clarification. **Ms. Menzies** reported that within the existing current budget Program 21, which is the Interim Committee Budget, there are first year dues for CSG; however, for several bienniums they have not paid the second year's dues.

SEN. COONEY then asked **Ms. Menzies** if they had paid any CSG dues recently. **Ms. Menzies** answered that the dues had been paid for fiscal year 2002. She then stated that they would not pay their dues unless there was some reversion money. The question was asked to clarify participation, NCSL (National Conference of State Legislatures) and CSG. **Ms. Menzies** explained that this was money for legislators to participate in NCSL and CSG activities. She further explained that it was based on eight legislators attending three, three-day meetings of NCSL and then eight legislators attending three, three-day meetings of CSG. **Ms. Menzies** continued saying that this was the second or third time they had tried to build participation money into the budget but they are now suggesting that it be removed.

SEN. TESTER informed the committee that they had looked at the Legislative Branch budget and were very much in support of it.

SEN BARKUS asked **Hank Trenk** if he could walk him through the significant reductions in IT support. **Mr. Trenk**, referring to the Exhibit 2 handout, page 3, explained that LAWS Support is the main computer system by which bills are processed through the legislature. He told how the system is supported, and how they are reducing it. **SEN. BARKUS** asked if they were eliminating the LAWS System. **Mr. Trenk** confirmed that they were not, that there was enough left in the IT budget to pay for the core services.

SEN. LAIBLE referred **Mr. Schenck** to the 0.0% budget and asked if it would have meant a reduction to them of \$4.3 million. He continued and stated that the new reduction proposal would restore \$2.4 million back into that budget. **Mr. Schenck** responded that was correct, that they were asking that the \$2.4 million be restored as a net from the \$4.3 million reduction.

SEN. LAIBLE asked **Mr. Schenck** about where the state revenue was coming from and if it was proprietary. **Mr. Schenck** replied that part of the state special that is collected is in the Legislative Audit Division of Legislative Service Division, therefore, he would refer the question to Directors Seacat and Menzies.

{Tape: 1; Side: B; Approx. Time Counter: 2- 9}

Tori Hunthausen, State Audit Division, answered that their special revenue funds were audit fees that had been reallocated to state agencies. **SEN. LAIBLE** asked that since the rates stay pretty much the same, and if they were basing it on the fact that this was in statute and they have to do certain audits, the agencies would have to reimburse them for their costs. **Ms. Hunthausen** replied that federal law requires them to recap it every year.

SEN. LAIBLE asked **Ms. Menzies** what they received for the \$73,000 for CSG. He further asked what they received for participation in NCSL and CSG, as between the two, it amounted to \$180,000 that in the past had been spent. He continued asking if they just have membership. **Ms. Menzies** stated that the two major organizations the Legislative Branch participates in are the Council of State Governments, particularly the CSG Branch which is more of an arrangement of organizations for the western states, and the National Conference of State Legislatures. She further stated that together with the rest of the states, the Legislative Branch pays dues to the organizations. **Ms. Menzies** explained that the money comes in two forms. Staff in the Legislative Services Division, Legislative Fiscal Division and the Audit Division rely on CSG and NCSL to obtain information to respond to requests that legislators pose to support interim committees and to generally gather information in response to questions asked by the public. She continued by stating that they provide information to CSG.

Ms. Menzies stated that it is a very valuable resource for staff to be able to do the work that legislators want them to do. She continued that the legislators also had the opportunity to participate and that participation usually comes in the form of attending annual meetings or participating on select committees of those groups.

Ms. Menzies advised the committee that NCSL also has a special role in lobbying on behalf of the states in Washington, DC. They are strong advocates for state rights and appear before Congress on a number of issues on behalf of the states.

CHAIRMAN BRUEGGEMAN and **REP. LINDEEN** dually thanked the branch for their professionalism and all that they do to help the legislatures with the budget issues every session.

Executive Action began for the Legislative Branch budget proposal for the 2005 biennium.

Motion/Vote: **SEN LAIBLE** moved to **ADOPT THE LEGISLATIVE BRANCH BIENNIAL BUDGET AS PROPOSED**. Motion carried unanimously by voice vote.

{Tape: 1; Side: B; Approx. Time Counter: 8- 30}

Bob Nelson, Consumer Counsel, (Reference pages A 13-15 of the Budget Analysis book), described for the committee the background, operations and purpose of the Consumer Counsel. **Mr. Nelson** informed the committee that the Counsel represents consumers in proceedings before the Public Service Commission, related agencies and related court proceedings. He stated that the Counsel's function is to audit and analyze the utility obligations and present recommendations to the appropriate administrative bodies. **Mr. Nelson** presented the committee with examples of what the Counsel does and how they perform their duties. He discussed cases they had been involved in and the savings and refunds that had resulted from their participation. He further informed the committee that they were heavily involved in the areas of gas and electric rates, transmission and transmission market design, telecommunications and the conducting of multi-state tests related to competition to develop standards and protection for consumers. **Mr. Nelson** discussed appeal cases the Counsel is and has been involved in. He continued by stating that the Counsel not only participated with large utility companies, but also participated with the smaller utility companies. **Mr. Nelson** then described the Counsel's funding mechanism

Mr. Nelson presented the committee with the Consumer Counsel's budget. He began by stating that the proposed budget had been reviewed and approved by the Legislative Consumer Committee. He went on to explain that sixty percent of their budget was for contracted services in the areas of finance, accounting, economics and engineering. He further explained that their case loads fluctuated from year to year and explained why.

Mr. Nelson referred to the budget books and discussed the funding dollars requested and the adjustments they proposed to them. He then walked the committee through the Counsel's budget, by referencing the budget book, and pointing out the reductions and increases in the various program areas. **Mr. Nelson** informed the committee that the bottom line was that their fiscal 2004 request was about two percent lower than their current 2003 budget and that their fiscal 2005 request had a small reduction from their current budget. **Mr. Nelson** stated that they felt this was a conservative budget proposal that they could live with and asked the committee for favorable consideration.

SEN. LAIBLE talked to **Mr. Nelson** about the contingency fund and asked if what he was saying was that they had received the \$100,000 in the past fiscal years, but that it had not all been used, and it had reverted back and was lost as it was one-time-only funding. **Mr. Nelson** responded that was correct. **SEN. LAIBLE** then asked if this would follow the same format and not go into the base. He also inquired regarding the one-time-only funding. **Mr. Nelson** responded that was correct to the extent that if it is unspent at the end of the year, it is a reduction for the next year.

SEN. BARKUS asked **Mr. Nelson** if, because of the utility problems looming on the horizon, they anticipated a higher workload volume. **Mr. Nelson** said that it was very hard to say, but they do anticipate that there would be an increase in the workload. He went on to explain what they had been doing in the office to prepare for the extra workload and keep the costs down.

Motion/Vote: **SEN. BARKUS** moved to ADOPT THE CONSUMER COUNSEL FISCAL 2002 BASE PLUS STATEWIDE ADJUSTMENTS PER THE EXECUTIVE BUDGET. Motion carried unanimously by voice vote.

Motion/Vote: **SEN. BARKUS** moved to ADOPT DECISION PACKAGE 1 IN THE PRESENT LAW. Motion carried unanimously by voice vote.

SEN. LAIBLE left the room.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 13}

Executive Action Appellate Defender

Greg DeWitt, LFD, explained the additional funding information on the Appellate Defender's office that he handed out. He also reminded the committee that they had already taken one action

prior and approved DP-317 (Reference page A-253 of the Budget Analysis book).

EXHIBIT(jgh14a03)

EXHIBIT(jgh14a04)

Motion: REP. LINDEEN moved that the APPELLATE DEFENDER BASE OF \$170,891 (equivalent to the 2000 base in State Special Revenue) PLUS STATEWIDE PRESENT LAW ADJUSTMENTS BE ADOPTED.

Discussion:

SEN. COONEY stated that he had a concern with the possible ramifications of the motion relating to a lawsuit the office is not a party to, and he asked if someone from the Appellate Defender's office would address this. **Kristina Guest, Attorney**, did so by speculation and said that the 2000 base level, if approved, would be comfortable for them to work with. (Reference committee minutes of Jan. 8,03 for further information.)

CHAIRMAN BRUEGGEMAN discussed the \$8,000 difference between the 2000 Base and the proposed budget. He argued that the committee accept the motion on the table and later discuss other possible decisions they should make.

Vote: Motion carried unanimously by voice vote with **SEN. LAIBLE** voting by proxy.

Motion/Vote: **SEN. COONEY** moved that DP-1 FIXED COST ADJUSTMENTS AND ON-GOING REDUCTIONS BE ADOPTED. Motion carried unanimously by voice vote with **SEN. LAIBLE** voting by proxy.

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ADJOURNMENT

Adjournment: 9:20 A.M.

REP. JOHN BRUEGGEMAN, Chairman

MISTY SHEA, Secretary

JB/MS

EXHIBIT (jgh14aad)